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Testimony of Sheldon Toubman Before the Appropriations and Human Services Committees In Opposition to Proposed Section 1915(b) Waiver Incorporating Violations of the Legislatively-Approved Primary Care Case Management Plan

Good afternoon, Senators Harp and Doyle, Representatives Walker and Geragosian, and members of the committees. Thank you for the opportunity to speak with you today about my opposition to DSS' draft managed care waiver for HUSKY A because of its incorporation of several provisions related to Primary Care Case Management (PCCM). These provisions would effectively endorse DSS's decisions undermining the statewide PCCM plan approved by your committees on September 24, 2008. Because those decisions, if allowed to stand through your endorsement of the draft waiver, would ensure the failure of the PCCM program, I urge you to reject the draft waiver and send it back to DSS with an instruction to resubmit it with all the PCCM provisions made consistent with the approved PCCM plan.

Brief history: The Department's PCCM plan submitted to your two committees on August 25, 2008 is largely reflective of what advocates and representatives for providers worked to develop cooperatively with DSS staff, in a public-private work group over several months in the fall of 2007 and the spring of 2008. It was a very positive experience to work collaboratively with DSS staff toward the common goal of implementing an effective alternative to the HMO-managed care model of health care delivery. I can fairly say that all members of that work group, from the Medicaid director to the medical director and other staff, were committed to designing the best PCCM program they could, with the greatest chance of success.

This unprecedented collaboration resulted directly from the legislature's judicious action two years ago. In the 2007 session, the legislature adopted the requirement that DSS adopt and implement a pilot program of PCCM for the HUSKY A population, given the long history of significant access problems under HMO-managed care in the HUSKY program and the success with this alternative delivery model in other states. As the Department's medical director stated in the Department's official October 8, 2008 invitation to providers to come to PCCM forums around the state:

> Other states' Medicaid programs realize improved patient outcomes, better patient and providers satisfaction measures, and ***cost savings*** through their PCCM programs by actively collaborating with providers in developing, implementing and managing their PCCM programs. Connecticut's PCCM pilot seeks to replicate this success by engaging our providers to build this exciting pilot.

The current turmoil in the HUSKY program, as DSS has moved all HUSKY enrollees back into capitated HMOs with inadequate provider networks, with these HMOs paid much more than the last set of HMOs were paid a little over a year ago, confirms the wisdom of the legislature's action.

The legislation passed in 2007 stated, among other things:

> [N]ot later than November 1, 2007, the Department of Social Services shall develop a plan to implement a pilot program for the delivery of health care services through a system of primary care case management to ***not less than one thousand individuals who are otherwise eligible to receive HUSKY Plan, Part A benefits.*** Such plan shall be submitted to the joint standing committees of the General Assembly having cognizance of matters relating to human services and appropriations and the budgets of state agencies. Not later than thirty days after the date of receipt of such plan, said joint standing committees of the General Assembly ***shall hold a joint public hearing to review such plan. Said joint standing committees of the General Assembly may advise the commissioner of their approval or denial or modifications, if any, of the plan.***

At the September 24, 2008 joint committee hearing per this statutory procedure, the Commissioner testified in support of the consensus plan submitted on August 25th, as did the advocates and representatives for providers. After much discussion, with the Commissioner expressing a strong commitment to following through on the plan he submitted, the two committees voted that day to unanimously approve the plan without modification.

DSS's formal bulletin, mailed out in October to all physician, APRN and federally-qualified health center (FQHC) providers in the state, invited them to participate in PCCM, and stated, consistent with the plan and cover letter:

> The Department's goal is to open PCCM as an option to HUSKY A clients ***in as many geographic locations as possible by January 1, 2009***. (emphasis added).

DSS staff then developed a series of provider presentations to build interest in the pilot throughout the state. Advocates participated in encouraging providers to attend these forums, hosted one of them, and spoke in favor of both the pilot program and the Department's inclusive efforts at these events. Advocates also conducted significant recruitment outreach activities, in collaboration with the department.

Through these meetings, hundreds of providers were explicitly advised that the plan would be offered on January 1st, in **any** part of the state where valid PCP applications were submitted, so long as there were PCPs for both children and adults in the general area. Providers directly relied upon those representations in going through the trouble of submitting their PCCM applications to DSS by the deadline of October 31, 2008, only three weeks after the invitation was sent out.

The response was very positive, with the department's Medical Director noting in a message to a provider on November 28, 2008 that DSS "received an enthusiastic provider response from across the state. DSS staff confirmed that the response had been quite positive, with coverage for **almost the entire state** (using the 20-mile radius for the catchment area which DSS staff had decided upon in conjunction with the advocates and which mirrors policies for the HUSKY HMOs). Over 300 individual providers applied. The near-unanimous participation of the FQHCs is important, since they can provide care to parents of children enrolled with private pediatricians, a group which responded very enthusiastically to the Department's overtures. In addition, across the state, hospital clinics that serve adults, while excluded initially for technical reasons, expressed deep interest in participating in the program to DSS and to advocates.

It is therefore with great sadness that my colleagues and I watched as the top administrators at DSS eviscerated this plan, formally approved by a unanimous vote of the committees, so that it no longer has any chance of success or to serve as a basis for comparison with the capitated HMO model. The decisions DSS made ensure that the plan can never satisfy the basic statutory requirement of at least 1,000 enrollees in the pilot program, let alone fulfill the overarching legislative intent of seriously testing this non-HMO model of health care delivery to compete with the HUSKY HMOs (since the pilot, at 160 people, is far too small to be economically viable for individual practices or DSS). In the process, DSS alienated many primary care providers, at a time when we most need to enlist providers in the HUSKY program, by making them go through the fruitless exercise of submitting PCCM applications.

The draft waiver: DSS now presents to you a draft HUSKY A managed care waiver which incorporates most of the negative decisions on PCCM it made in violation of the approved PCCM plan. The draft waiver references:

- a very limited pilot in only two small areas of the state--Willimantic and Waterbury (waiver request, pages 11, 12, 18, 24), despite a commitment to the legislature that the plan would be rolled out **wherever** there was interest and what DSS itself described as an "enthusiastic provider response from across the state" of over 300 individual providers (November 28, 2008 letter to Waterbury provider) after a statewide invitation was sent out with a tight 3-week deadline in October 2008
- a limitation that only the **existing** patients of the few providers selected in these two areas are eligible to participate (waiver request, pages 12, 18,19), instead of the commitment, made to the legislative committees, that "HUSKY A members living in geographic areas of PCCM-enrolled providers will be offered PCCM and "they'll be able to select PCCM, as long as PCCM is available in their geographical area (DSS's August 25, 2008 cover letter to the PCCM plan and September 24th testimony, pages 6, 11, 32)
- a condition on expansion to any other parts of the state that there first be a demonstration of "efficiency" in the Willimantic/Waterbury pilot (waiver request, page 18)—something **not possible** with this pilot for only 160 HUSKY enrollees.

These waiver provisions violate the PCCM plan, ensuring the continued violation of the basic statutory requirement that there be a minimum of 1,000 HUSKY A enrollees. If you approve this draft waiver, the pilot program would continue to be operated only in seven practices in two small areas of the state, with only existing patients of those providers allowed to participate and no realistic hope of expansion to any other parts of the state-- or even to any other providers in those two areas.

A note about savings: DSS said in its waiver request that "savings generated by the PCCM pilot program will offset the PCCM case management fees, additional administrative costs, and anticipated increases to utilization. The savings is assumed to be generated by eliminating the MCO non-medical load built into the capitation rates. (pages 88, 90). Translated into plain English: Because of the large amount of money taken off the top by the HMOs to pay for administrative costs and, in the case of Aetna and AmeriChoice, profits for shareholders, providing health care without them and instead through PCCM means that almost all of the money paid by the state for each PCCM enrollee will actually go to health care, and thus we can save a lot of money. Of course, if DSS is saying PCCM will cost no more than the HMOs, most likely Connecticut will actually **save** a lot of money by seriously moving to PCCM.

But if you approve the waiver request DSS has submitted to you, you will effectively shut down any possibility of a genuine test to see if this program can deliver on these savings to the taxpayers, and improve care for HUSKY enrollees. Under the terms of the waiver, as likely approved by the federal government, PCCM would die a quiet death as a failed experiment, denying HUSKY enrollees and the taxpayers the benefit of an innovative program that has saved money in other states. We therefore believe that the draft waiver should be rejected with a clear instruction to DSS to revise it to conform to the PCCM plan you unanimously approved in September.

Thank you for the opportunity to speak with you about this critically important issue. I would be happy to answer any questions you may have.